1991-92
BUDGET
ADDRESS

PRESENTED BY
THE HONOURABLE P. McDONALD
MINISTER OF FINANCE
AT THE SECOND SESSION
OF THE TWENTY-SEVENTH LEGISLATIVE
ASSEMBLY

WHITEHORSE, YUKON
OCTOBER, 1990

Yukon
Finance

91-00898/

TABLE OF CONTENTS

	Page
1991-92 BUDGET SPEECH	
Introduction	3
Economic Overview	4
Fiscal Overview	9
Revenues	11
Expenditures	13
Expenditure Initiatives:	
Investing in Healthy Communities	14
Building a Sustainable Economy	21
Ensuring Good Government	29
Completing Indian Land Claims	31
Conclusion	33
SUPPLEMENTARY INFORMATION	35

1991 - 1992

BUDGET SPEECH

Mr. Speaker and Honourable Members, I am pleased to introduce today my third Capital and Operation and Maintenance Budget.

As you and all the people of the Yukon are aware, we are entering a period of fiscal restraint which will make it very difficult to strike a balance between the needs of our citizens for more services and responsible financial management. This budget addresses that balance by re-focusing resources. It recognizes the government's priority initiatives: investing in healthy communities, building a sustainable economy, ensuring good government and completing Indian land claims. It emphasizes our continued commitment to sustainable development and healthy communities by strengthening our existing industries and encouraging economic diversification. It meets the challenges that face us as we grapple with growing needs, constraints on our financial resources and a high tax burden. The budget presents a realistic plan of action which will ensure that the social, environmental and economic concerns of Yukoners are met in the coming fiscal year.

ECONOMIC OVERVIEW:

The economic environment within which we operate sets the tone for our budgetary planning. It delineates the financial resources available to the government and the needs of the population. I would like to take a few moments to present you with an overview of the economic situation we currently face.

Canadian Economy

The Canadian economy is expected to experience very slow growth in 1990. The Conference Board of Canada has stated that the national economy is already in recession and that real growth will not be realized until the second quarter of 1991. This economic outlook will lead to annual growth rates for constant dollar Canadian Gross Domestic Product of only 0.7 percent for 1990 and 0.4 percent for the next year. Consumer spending and the housing sector are expected to be even softer. Business investment in energy-related activities is expected to be one of the few bright spots in the national economy over the coming months.

The overall national rate of inflation is forecast to be 4.4 percent this year, rising to 6.1 percent in 1991. Recent international events will put upward pressure on the rate of inflation as world oil price increases are passed on to Canadian consumers. The implementation of the federal Goods and Services Tax will also contribute to higher inflation. Countering these influences to some extent will be a downward effect on prices resulting from the economic slow-down we expect will continue over the next year.

Interest rates will likely moderate somewhat but are anticipated to remain relatively high. The Bank of Canada's continued concern about inflationary pressures will influence the degree of easing in interest rates during the coming months. The prime lending rate should, however, continue its current slight downward trend over the course of the next year. It is expected to average 12.8 percent in 1991 compared to this year's forecast of 14.1 percent.

On the labour front, the number of employed Canadians is projected to increase by a modest 0.9 percent in 1990 and then decline by 0.2 percent next year. As a result of this, the national unemployment rate, which was 8.4 percent in September, will average 7.9 percent this year and 8.9 percent in 1991.

Yukon Economy

The Yukon's economic outlook for 1990 is one of continued but slow growth. As of June of this year, the population count stood at 29,157, essentially unchanged from the figure of a year earlier. The number of employed people in the Yukon was 13,138 in June and the unemployment rate stood at 9 percent at that time.

The current year represents a period of transition as the economic impacts of several major federal fiscal restraint measures pass through the local economy. The growth rate of the formula financing grant was cut back with the result that additional restraints on government expenditure increases were initiated. The elimination of federal mining exploration incentive programs was particularly severe and contributed to a marked dampening of exploration activity this year. These, coupled with a relatively modest tourist season and the impact of the announced shutdown of the Ketza River mine, are contributing to a fairly slow rate of growth in the economy.

Still, economic activity in the Yukon continues at a healthy level this year. Employment is averaging well over 12,000 and the average annual unemployment rate, at 11 percent, is at its lowest in nearly a decade. This is a very positive development and, while there is still far to go in eliminating structural unemployment in the Yukon, it demonstrates that our economic development policies and initiatives are having their intended effect: a sound economy and jobs for Yukon people.

Total investment expenditures are up over 11 percent this year on the strength of private sector investment. This will be a major contribution to the Territory's economic performance for the year.

Our rate of inflation, which has been below the national average for the past three years, is expected to again be below the Canadian average this year. As of September, the rate of increase in the Consumer Price Index for Whitehorse was 4.0 percent for the first nine months compared to the national rate of 4.7 percent. Once again, I believe all Members will find this to be encouraging news and proof that our previous expenditure initiatives have not had an inflationary impact upon the local economy.

In 1991, however, our rate of inflation is expected to match the national average. With the additional inflationary pressures on Yukon resulting from higher oil prices and the introduction of the federal tax on goods and services, the Consumer Price Index for Whitehorse is not expected to maintain a rate of increase below that of the rest of Canada. Because of the nature of our economy, these two factors have a much greater impact on us than they do on southern economies. It is for this and other reasons that we have opposed, from the beginning, and admittedly, with little success, the Goods and Services Tax the federal government is imposing upon the country.

Despite this, our economy in 1991 is expected to experience steady growth. While the national economic picture is not very bright, there are a number of encouraging local developments for the coming year which will maintain a generally healthy Yukon economy.

The go-ahead for several major projects in 1991 will provide a welcome stimulus to our economy and keep us on the course of economic expansion. One is the production start-up of the Mt. Hundere mine near Watson Lake. Not only will its operation provide a significant economic boost for the Territory's economy, but its impact will be particularly positive for the Watson Lake area. The expansion of the Curragh Resources operation at Faro will provide increased job opportunities and assure continued economic prosperity for the region. Plans to reopen the United Keno Hill mine at Elsa are also encouraging, and, while it would be smaller than the previous operation, it would still represent a major increase in mining activity in the area.

Construction activity on the new federal building is expected to continue and ground-breaking for a hotel/convention centre should take place next year. Also, there will be the commencement of construction on the Mayo to Dawson transmission line by the Yukon Energy Corporation. These projects will help boost construction activity in 1991 and, combined with other private investment and government expenditures throughout the Territory, will contribute significantly to a healthy construction industry in 1991-92.

FISCAL OVERVIEW

The budget which I am introducing today reflects our continuing policy of responsible financial management. It does so by outlining a fiscal plan which limits expenditures to our revenue capacity. We are determined to live within our means.

While still addressing some of the increasing needs and concerns of our citizens, we have had to accommodate the fiscal restraint which the federal government has decided to impose upon the people of the Yukon. The magnitude of the cut-backs to the Formula Financing grant could reach $10.6 million in 1991-92. Over the five years of the arrangement, it represents a cutback of about $50 million which, when put on a national scale, would reflect a $45 billion reduction. We all know, of course, that cutbacks of this magnitude have not been initiated at the national level. This impact is less than we originally calculated and is the result of further negotiations and updated information.

In spite of the severity of these cutbacks we have been able to present a responsible budget which incorporates the elements of prudent financial management. The combined capital and operation and maintenance expenditures for 1991-92 are $355.7 million. This level of expenditures represents a 3.9 percent decrease from the forecast estimates for the 1990-91 year.

Supplementary estimates for the current fiscal year were tabled earlier today. These supplementary estimates project total capital expenditures of $116.3 million and operation and maintenance expenditures of $253.8 million for the 1990-91 year. With revenues of $361.7 million, these expenditures result in an annual projected deficit of $9.6 million for 1990-91 and an accumulated surplus of $44.4 million as at March 31, 1991. This deficit, of course, is primarily the result of the revote of prior year lapsed capital expenditures.

The Budget I am presenting today reflects a closing accumulated surplus of $60.2 million at March 31, 1992 or a 1991-92 surplus of $15.8 million.

By year end, however, negotiations for the RCMP agreement and public sector collective bargaining should be completed. The impact of these negotiations, along with normal supplementary requirements throughout the year, are expected to reduce the 1991-92 current year surplus and result in a balanced budget.

REVENUES

Mr. Speaker, I am pleased to announce that there will be no tax increases during the coming fiscal year. The implementation of the proposed Goods and Services Tax by the Federal Government will be burden enough for the residents of the Yukon. To ask our citizens to bear even greater taxes would be unacceptable.

Budgetary revenues for the coming fiscal year are expected to total $372.5 million. This represents an increase of 3.0 percent over the current year's revenues.

Revenues from territorial sources are forecast to continue to increase in 1991-92. Continued economic growth will be reflected in higher own-source revenues for the Yukon Government which will total approximately $61.5 million next year. This increase is a result of increased volumes of taxable income and spending. As Members will be aware, we are penalized by the federal government under the new formula for this volume increase and our grant will be reduced by approximately 133% of the volume increase.

Personal income tax revenues are expected to increase to $28.1 million, some 5.1 percent over the 1990-91 forecast level. Corporate income tax revenues should increase by nearly 6 percent and reach a level of $3.8 million. Our confidence in the continued growth of the Yukon economy is reflected in these revenue projections.

Investment income is expected to decline in consequence of generally lower interest rates over the coming year. It is anticipated that our investment earnings will decline to $4.5 million in 1991-92, down somewhat from the forecast amount of $5.2 million for this current year.

The grant from the federal government is expected to grow by 4 percent over the current year's level. This rate of growth is below the rate of inflation and constrains our ability to maintain services, much less fund additional program expenditures. It is for this reason we have had to restrain our expenditure growth and seek the re-allocation of monies to fund the new initiatives we are undertaking.

EXPENDITURES

General

In preparing this budget, we have had to direct our resources toward the government's principal priorities. We have had to consider the undue burden which would be placed on our citizens if we were to increase taxes in order to fund additional programs. We have had to keep in mind our commitment to sound financial management and the ensuing necessity to live with a balanced budget. Despite these fiscal restraints, because we have been able to achieve the delivery of services in a more efficient and effective manner, we have been able to reallocate resources to address new needs.

We have a firm resolve to balance the social, economic and environmental concerns of the people of the Yukon. In addressing these concerns, we have identified a number of initiatives which represent priorities for our citizens. These priorities: investing in healthy communities, building a sustainable economy, ensuring good government and completing Indian land claims have all received attention in this budget.

I would like to now review for you some of the more important of the expenditure initiatives contained in the budget I have tabled today.

INVESTING IN HEALTHY COMMUNITIES

Health Care

Several new initiatives in the field of health care will be undertaken in the coming year.

The new Health Act will provide a comprehensive framework for innovative approaches to the problems and challenges facing our health care system. Within the context of the new Health Act, this government is committed to devoting more funds to the area of health promotion. To support this commitment, the Department of Health and Human Resources will contribute $150,000 to the establishment of a health investment fund which will provide community groups, agencies and organizations access to funding for special community health projects. Investing in the health and well-being of Yukon people, now, will lead to reduced treatment costs in the long-term.

$160,000 in operational funding for the new mammography unit at Whitehorse General Hospital has been identified in this budget. These funds will be used to cover the anticipated ongoing expenses of maintaining this service at a level to meet the Yukon's needs.

We will be contributing $69,000 to the Skookum Jim AIDS awareness program in 1991-92. A joint funding arrangement for this program has been reached with the Federal Government. This arrangement will extend to the end of the 1992-93 fiscal year and it provides for a total contribution of $178,000 from the Yukon Government. We believe this program is crucial to arresting the spread of AIDS.

Construction of the new Long-Term Care and Rehabilitation Centre is anticipated to commence in the coming year. Through the Yukon Housing Corporation, $5.2 million will be provided for its construction in 1991-92. An extended care facility in the Yukon will help us better tend to the long term health care needs of territorial residents.

These initiatives, along with the continued funding for the core health programs contained in the budget, mark but the beginning of our long-term plan to improve the state of health and health-care in the Yukon.

Education

Implementation of the new Education Act will continue in the new fiscal year. The four-year consultation process undertaken to develop the Act and subsequent consultation on regulations have ensured that all major facets of bringing about school-based management and community control of the education system have been considered. To provide for continued implementation of the Education Act, the Department of Education will budget $438,000 in 1991-92. An additional $55,000 will be set aside for the operation of the Education Appeal Tribunal.

On-going operations of the Department have not been ignored in the budget. This is evidenced by the fact that the department's operation and maintenance budget will increase by almost $3.5 million or 6.4 percent in 1991-92 over the previous Main Estimates. These monies will be used to fund the already-mentioned education reform package and will also pay for new teachers and enhanced programming.

Aboriginal Justice

It is apparent that the existing justice system is not always appropriate, or serving its intended purpose, for our native citizens. In recognition of this in the coming fiscal year, the Department of Justice will be introducing two initiatives directed at developing and implementing aboriginal justice programs.

The Department of Justice will provide $55,000 for the establishment of the position of Aboriginal Justice Coordinator within the Corrections and Law Enforcement Branch of the Department. This position will be responsible for developing, implementing and coordinating programs directed towards aboriginal justice and Yukon First Nation participation within the justice system.

The department will allocate further funding in the amount of $93,000 to undertake the development and implementation of an aboriginal justice pilot project with several of the Yukon First Nations.

Together, these two programs represent the initial groundwork necessary for the establishment of a complete aboriginal justice program for Yukon native peoples.

Aboriginal Language Services

Aboriginal language services will be greatly expanded in 1991-92. Several measures which will support the preservation, development and enhancement of the Yukon's eight aboriginal languages are planned. A new Territorial Agent and Interpreter Service will be initiated with interpreter positions to be located in eight rural communities and in Whitehorse. An Oral History and Language Preservation Program will be implemented along with a Community Initiatives Program. These new programs will help preserve and promote the use of Yukon aboriginal languages; a goal we consider to be very important.

These programs will require $1,075,000 in 1991-92. The Oral History and Language Preservation Program will be given $200,000 and the Community Initiatives Program $100,000 from the Executive Council Office. The new Territorial Agent and Interpreter Service will require a total of $775,000 with $475,000 coming from Executive Council Office and $300,000 in capital monies from the Department of Government Services for required capital facilities.

Electronic Home Monitoring

The Department of Justice will allocate $80,000 for the purpose of initiating an Electronic Home Monitoring system for non-violent offenders next year. This pilot project will increase the Solicitor General's flexibility in dealing with such offenders and expand the courts' options for sentencing these individuals.

Employment Equity

One of this government's goals is to be a model employer. We are determined to employ a workforce which is competent, committed, productive and representative. The Public Service Commission has developed and is implementing an Employment Equity Program which will enable us to establish a workforce which is more representative of the Yukon's population. The government will continue to provide training opportunities for aboriginal people, assist departments in making job accommodations for workers with disabilities, and reducing employment barriers to women. Achieving a fully representative workforce is a long term goal, but one which we will be pursuing vigorously in all departments in the coming year. The Public Service Commission will expend $587,000 on its Employment Equity Program in 1991-92.

Sport, Arts and Recreation

In the areas of sport, arts and recreation, we will be introducing several initiatives which will promote their growth and development in the years to come.

With our Capital City hosting the 1992 Arctic Winter Games, we will be joining other governments and organizations in supporting this event. Over 1,200 athletes and artists from as far away as Greenland and the Soviet Union are expected to celebrate northern sport and culture in Whitehorse in March of 1992. In consequence of this event, the Department of Community and Transportation Services will contribute an additional $150,000 towards the cost of hosting the Games.

Funds will also be provided for the creation of a First Nations Recreation Consultant who will work with native organizations and individuals to support the growth and development of recreation, culture and traditional activities within the Yukon's native community.

We will be introducing a new sport, arts and recreation funding regime which will result in greater cooperation among groups and greater efficiency in the administration of sport, arts and recreation funds. This new regime will be implemented in cooperation with the Yukon Lottery Commission, Yukon Recreation Advisory Committee and sport, arts and recreation groups throughout the territory. While this particular initiative will not result in any additional expenditures by our government, it is representative of our policy of introducing programs and actions which will result in a more responsive and more efficient government.

BUILDING A SUSTAINABLE ECONOMY

Our economic development policy is to implement initiatives which will provide long-term and sustainable development of and for the Yukon.

I will address a number of the initiatives which are planned for the coming year but first I would like to take a moment to speak about two of the major ones which are currently under negotiation; the Economic Development Agreement and the Northern Accord on oil and gas. Successful completion of these negotiations will better enable us to create a strong, vibrant and stable economy for the Yukon.

We are attempting to negotiate a new five-year Economic Development Agreement. We have been encouraging the return to a long-term agreement. It will provide us with a significant opportunity to realize our plans for developing our economy in a diversified and sustainable manner. It will also enable us to better plan for and adapt to short-term fluctuations in our economic base, an ill to which our small economy is more susceptible than are the larger southern economies.

A Northern Accord will establish the framework under which we will be able to directly manage the territory's hydrocarbon resources, including those resources lying offshore in the Beaufort Sea. It will be an important precursor to our future control and management of all the Yukon's non-renewable resources. It will take us a very large step forward in our Constitutional development.

Tourism

With the 1992 Alaska Highway Anniversary approaching, the Department of Tourism will be targeting resources towards several major initiatives to prepare for the expected influx of visitors to the Yukon that will coincide with the Anniversary celebrations.

In 1991-92 a total of $1.3 million will be provided for the museum program. This is double the sum spent in the current year. These funds will better allow us to implement the new Yukon Museums policy and to enable our museums to more effectively contribute to the 1992 Anniversary.

The construction of the Yukon Visitor Reception Centre is expected to be completed in time for the 1992 celebrations. It will be a showcase facility for our visiting tourists to use and enjoy as an interpretive information source on and about the Yukon. A total of $2.2 million will be expended in the coming year for construction of the Centre.

Transportation and Communications

Our transportation and communication systems are the underlying strength of our economy. In order to maintain these systems and to ensure that they continue to improve, the Department of Community and Transportation Services will devote $47.4 million towards their upgrading and maintenance.

Phase 3 of the VHF mobile radio system replacement program will be undertaken in 1991-92, covering the Campbell Highway east. As part of our announced decentralization initiatives, operational responsibility for the VHF mobile radio system will be transferred to Carcross next year.

The aviation transportation system will undergo continued improvements with the upgrading of the Haines Junction and Carmacks airports. Responsibility for Arctic B and C airports was transferred from the Federal Government last fiscal year and upgrading of these two airports was a condition of this transfer. We will be integrating the operational responsibility of this transportation system into our decentralization process and will be moving the relevant positions to Haines Junction and Mayo in the near future.

A total of $1.4 million will be spent on the upgrading of these two airports and $2 million will be allocated for operational services for Arctic B and C airports in the 1991-92 fiscal year.

The highway system will also see a number of improvements with the upgrading of the Campbell Highway and continued work on the Klondike Highway. The Pelly River bridge at Faro will also be upgraded to ensure the safe handling of ore trucks from the Curragh Resources mine. In total, $42.5 million will be spent on roads, highways and bridges in 1991-92, including the Alaska Highway and the Haines Road. Responsibility for the capital upkeep for inter-territorial roads was transferred from the Federal Government this year. This transfer of responsibility will allow us to more effectively plan for our long-term transportation needs and economic development. It is yet another sign of the continuing political evolution that the Territory is undergoing.

Business Support Programs

The Business Development Fund and the Business Incentive Program will continue to provide effective support for Yukon businesses and help maintain our solid economic base while encouraging economic diversification. The Department of Economic Development: Mines and Small Business will provide a total of $3.3 million for the Business Development Fund and the Department of Government Services will allocate $450,000 towards the Business Incentive Program in 1991-92. This Incentive Program is designed to encourage the use of Yukon materials and manufactured goods and to promote employment opportunities for Yukon residents resulting from government activities.

A further $3.6 million has been dedicated to community economic and social development through the Community Development Fund. These programs are critical to our goal of promoting economic diversification in the Yukon.

Alternative Energy Programs

Our government has consistently been supportive of, and promoted, alternate energy programs. With the recent volatility in oil prices, these programs obviously remain important and we intend to continue to give them our full support. This will help alleviate the financial hardship which will be brought to bear upon Yukoners as a result of higher oil prices and contribute to our efforts to reduce energy consumption for future economic and environmental security. The Department of Economic Development: Mines and Small Business will allocate $1 million towards their Saving Energy Action Loan program and the Yukon Energy Alternatives Program in the coming year.

Property Management

In 1991-92, we will be expending an additional $110,000 for the development of a planned preventative maintenance program through the Department of Government Services. Implementation of a preventative maintenance program will reduce building maintenance problems, control costs over the long term and provide for more efficient use of our resources - an essential in these times of restraint.

Environmental Protection

Last year, I spoke of this government's action plan for environmental protection and its commitment to fund such initiatives. In 1991-92 we are budgeting a further $255,000 for such programs. These resources will allow the Department of Government Services to fund a $40,000 paper recycling project in Whitehorse and a further $20,000 to carry out our program of reducing paper usage within government by encouraging double-sided copying. The Department of Community and Transportation Services will be contributing an additional $95,000 towards municipal water and sewer grants and $100,000 for the cleanup of abandoned metals.

Total funding for various water, sewer and solid waste projects in Yukon communities will amount to $3.0 million in 1991-92. This is in addition to that which the communities choose to devote to such projects from their municipal Block Funding grants.

With the introduction of our Environment Act next year, that legislation and the actions of which I have just spoken, will provide the basis for an effective plan of action for safeguarding the environment of the Yukon to the benefit of those living here now and in the future.

Environment

As part of our commitment to protecting the environment and to maintaining our natural heritage, a total of $70,000 will be allocated to the preparation and study of park management in two areas of the Territory in 1991-92. Park management plans will be prepared, and consultations with the public and Yukon First Nations will take place for the proposed Carcross Dunes Territorial Park and Kusawa Lake Park.

A total of $612,000 is being allocated to Renewable Resources for environmental protection. This includes $330,000 to complete work on the new Environment Act and undertake public consultation and information programs on environmental protection. In addition $70,000 has been provided by the Department of Justice for the drafting of this important new legislation.

ENSURING GOOD GOVERNMENT

The importance of decentralizing government operations has, for some time, been recognized by the people of the Yukon. Decentralization was a recurring theme of the Yukon 2000 discussion, and, over the past several years, our government has taken some steps to begin the process. We are all aware that economic development is unevenly distributed across the rural communities. Increasing the government's presence in the communities through the decentralization process will strengthen the economies of those communities. Decentralization will mean additional incomes, spending and economic activity in the communities and it will improve the delivery of government programs and services to rural residents. We recognize these benefits and are now ready to take significant steps to realize them.

This year, we will begin implementing a multi-year plan to decentralize a minimum of 100 public service positions over the next three years. By the end of the first full year, 1991-92, we plan to have established 39 additional positions in the communities. Six government departments will be involved in the initial stages, Community and Transportation Services, Economic Development: Mines and Small Business, Education, Government Services, Renewable Resources and the Executive Council Office. We have consulted with the individuals involved and we expect to have a smooth transition to community-based operations.

This carefully planned, phased-in approach will require the additional expenditure of $479,000 in 1991-92 including one-time capital costs of $225,000.

We believe that the decentralization of government operations and positions is a sound investment in our communities and their residents.

COMPLETING INDIAN LAND CLAIMS

As negotiations continue towards band final agreements, we are committed to support the land claims process and fulfill our responsibilities and obligations for the implementation of the settlement agreements. In addition to this years' portion of the previously-announced 6.7 million dollar commitment towards land claims settlement activities, allocations are incorporated in the budget for land claims initiatives for which we are currently negotiating funding from Canada. Upon receipt of appropriate commitments from the federal government in this regard, we will be providing a total of $2.6 million in the coming year.

The Department of Education will allocate $1.1 million towards the Land Claims Training Trust Fund. A further $1.3 million will be provided through the Department of Renewable Resources. These funds are for a number of initiatives. A total of $500,000 is being set aside to compensate outfitters for losses resulting from loss of access to certain lands. An additional $250,000 will represent our contribution towards the Yukon Fish and Wildlife Enhancement Trust for the coming year. The department will also allocate $244,000 for band-by-band negotiations and $200,000 for pre-implementation of the various boards and renewable resource councils. $150,000 has also been set aside for implementation support.

Other funds will also be provided by the Departments of Justice and Health and Human Resources in order to allow them to carry out their roles in the negotiation and implementation processes.

I need not remind anyone of the importance of the settlement of the land claim to all citizens of the Yukon. The successful completion of these negotiations and final implementation of our native land claims will be crucial in establishing a strong framework for continued economic and social benefits for all Yukon people.

CONCLUSION

Investing in healthy communities, building a sustainable economy, ensuring good government and completing Indian land claims are the principal priorities of this government. Our investment in them will create a Yukon of which we can all be proud. The budget which I have tabled today is a sound investment in the achievement of these priorities.

We have been able to re-direct resources to achieve our goals. We have maintained our commitment to sound, financial management. We have preserved our financial reserve for possible future needs. And we have not initiated any tax measures which would unduly burden our citizens.

I am sure that all members of this Legislature will wish to support these endeavours. I present this budget to the favourable attention of all Honourable Members.

1991 - 92

CAPITAL

AND

OPERATION AND MAINTENANCE

SUPPLEMENTARY INFORMATION

TABLE OF CONTENTS

1990-91 CAPITAL AND OPERATION AND MAINTENANCE

SUPPLEMENTARY INFORMATION

	Page
Financial Summary	38
Total Expenditure Summary by Department	39
O & M Expenditure Summary by Department	40
Capital Expenditure Summary by Department	41
Expenditure by Sector (Chart)	42
Distribution by Community	43
Budgetary Income Summary by Source	44
Locally Raised Yukon Revenue by Source (Chart)	46
Revenues by Source (Chart) The Yukon Provinces and Territories	47
Federal Transfer Payment as % of Budgetary Income (Chart - Table)	48
Expenditure Recovery by Department	49
Person Year Establishment Summary	50
Employment by Sector (Chart)	51
Comparative Provincial/Territorial Tax Rates	52
Percent Change in Consumer Price Index (Chart)	54
Total Employment: Yukon and Canada (Chart)	55
Yukon's Gross Domestic Product and Wages (Chart)	56
Main Estimates Historical Comparison	57

FINANCIAL SUMMARY

($000's)

	1991-92 Estimates	1990-91 Forecast	% Change	1990-91 Estimates
OPERATION AND MAINTENANCE				
Gross Expenditures	262,626	253,813	3%	248,546
Less: Recoveries	44,586	40,472	10%	40,127
Net O&M Expenditures	218,040	213,341	2%	208,419
CAPITAL				
Gross Expenditures	93,061	116,273	-20%	93,935
Less: Recoveries	30,367	33,809	-10%	37,898
Net Capital Expenditures	62,694	82,464	-24%	56,037
LOAN INTEREST				
Gross Expenditures	1,019	1,209	-16%	1,209
Less: Recoveries	1,015	1,026	-1%	1,026
Net Loan Amortization	4	183	-98%	183
FINANCIAL POSITION SUMMARY				
Territorial Revenue	61,547	60,155	2%	58,392
EPF Cash Transfer	10,895	11,175	-3%	11,000
Federal Transfer Payment	224,125	215,105	4%	202,044
Total Revenues	296,567	286,435	4%	271,436
Gross Budgetary Expenditures	356,706	371,295	-4%	343,690
Less: Total Recoveries	75,968	75,307	1%	79,051
Less: Net Expenditures	280,738	295,988	-5%	264,639
SURPLUS (DEFICIT)	15,829	(9,553)	266%	6,797

Under Formula Financing additional funding is made available to the Yukon Government through a transfer payment from Canada. The Transfer Payment is subject to adjustment for changes in Revenue, EPF, Recoveries, Population and other factors. At the peresent time the total Transfer Payment to be received by Yukon for the 1991-92 fiscal year is expected to be approximately $224,125,000.

TOTAL EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1991-92 Estimates		1990-91 Forecast		1990-91 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	2,196	0.6	2,216	0.6	1,910	0.6
Executive Council Office	7,159	2.0	6,678	1.8	6,262	1.8
Community and Transportation Services	91,713	25.8	102,507	27.7	97,839	28.6
Economic Development : Mines and Small Business	13,959	3.9	15,561	4.2	13,509	3.9
Education	69,645	19.6	80,238	21.7	66,198	19.3
Finance	4,467	1.3	4,291	1.2	4,311	1.3
Government Services	27,344	7.7	23,644	6.4	22,728	6.6
Health and Human Resources	57,842	16.3	57,415	15.5	58,898	17.2
Justice	22,402	6.3	23,785	6.4	21,204	6.2
Public Service Commission	7,816	2.2	7,893	2.1	7,866	2.3
Renewable Resources	14,321	4.0	12,354	3.3	12,078	3.5
Tourism	8,623	2.4	6,706	1.8	5,980	1.7
Women's Directorate	335	0.1	333	0.1	333	0.1
Yukon Housing Corporation	27,865	7.8	26,465	7.2	23,365	6.8
Yukon Liquor Corporation	one dollar	-	one dollar	-	one dollar	-
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	355,687	100.0	370,086	100.0	342,481	100.0

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

OPERATION AND MAINTENANCE

EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1991-92 Estimates		1990-91 Forecast		1990-91 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	2,196	0.8	2,216	0.9	1,910	0.8
Executive Council Office	7,124	2.7	6,651	2.6	6,235	2.5
Community and Transportation Services	54,304	20.7	52,814	20.8	53,440	21.5
Economic Development : Mines and Small Business	2,246	0.9	2,669	1.1	2,669	1.1
Education	57,594	21.9	55,186	21.7	54,134	21.8
Finance	4,467	1.7	4,291	1.7	4,311	1.7
Government Services	20,344	7.7	18,715	7.4	18,058	7.3
Health and Human Resources	55,747	21.2	54,906	21.6	54,428	21.9
Justice	22,132	8.4	23,568	9.3	21,094	8.5
Public Service Commission	7,816	3.0	7,893	3.1	7,866	3.2
Renewable Resources	12,351	4.7	11,139	4.4	10,954	4.4
Tourism	4,420	1.7	4,948	1.9	4,630	1.9
Women's Directorate	335	0.1	333	0.1	333	0.1
Yukon Housing Corporation	11,550	4.4	8,484	3.3	8,484	3.4
Yukon Liquor Corporation	one dollar	-	one dollar	-	one dollar	-
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	262,626	100.0	253,813	100.0	248,546	100.0

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

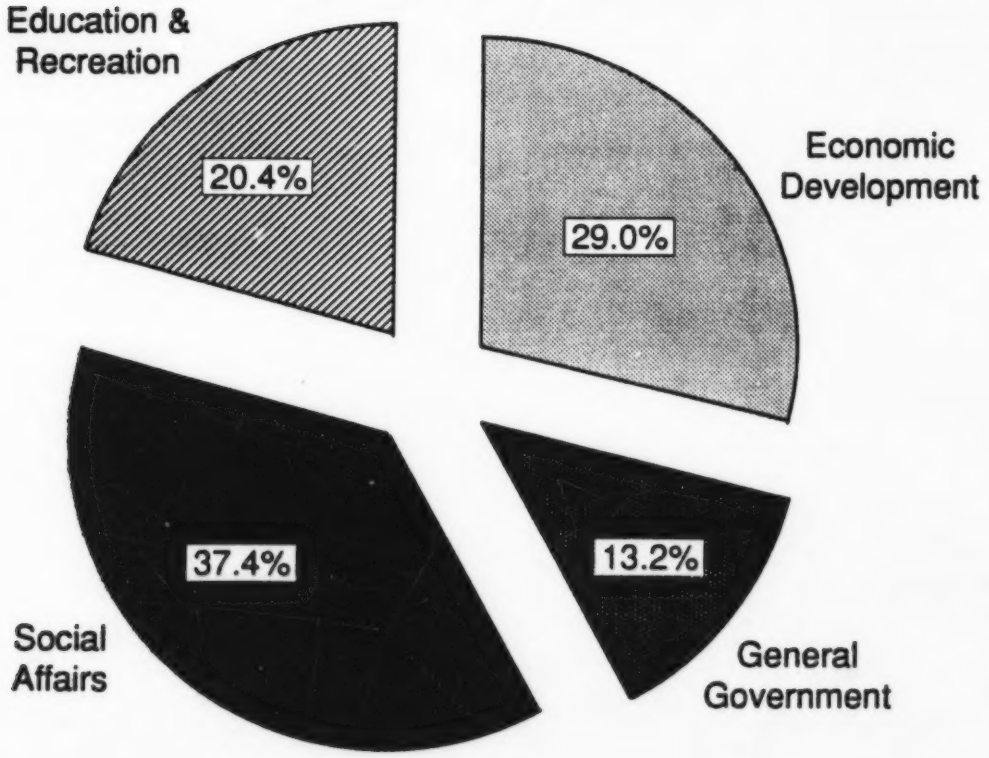
CAPITAL EXPENDITURE SUMMARY BY DEPARTMENT

($000's)

DEPARTMENT/AGENCY	1991-92 Estimates		1990-91 Forecast		1990-91 Estimates	
	$	%	$	%	$	%
Yukon Legislative Assembly	0	-	0	-	0	-
Executive Council Office	35	0.0	27	0.0	27	0.0
Community and Transportation Services	37,409	40.2	49,693	42.7	44,399	47.3
Economic Development : Mines and Small Business	11,713	12.6	12,892	11.1	10,840	11.5
Education	12,051	12.9	25,052	21.5	12,064	12.8
Finance	0	-	0	-	0	-
Government Services	7,000	7.5	4,929	4.2	4,670	5.0
Health and Human Resources	2,095	2.3	2,509	2.2	4,470	4.8
Justice	270	0.3	217	0.2	110	0.1
Public Service Commission	0	-	0	-	0	-
Renewable Resources	1,970	2.1	1,215	1.0	1,124	1.2
Tourism	4,203	4.5	1,758	1.5	1,350	1.4
Women's Directorate	0	-	0	-	0	-
Yukon Housing Corporation	16,315	17.5	17,981	15.5	14,881	15.8
Yukon Liquor Corporation	0	-	0	-	0	-
Yukon Development Corporation	one dollar	-	one dollar	-	one dollar	-
TOTAL EXPENDITURE	93,061	100	116,273	100	93,935	100

The percent columns represent the percent of total expenditures for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

EXPENDITURES BY SECTOR
THE YUKON
1991-92



1991/92 MAIN ESTIMATES

DISTRIBUTION BY COMMUNITY

($000)

COMMUNITY	OPERATION & MAINTENANCE	CAPITAL	TOTAL	%
BEAVER CREEK	393	197	590	0.17%
BURWASH LANDING	361	340	701	0.20%
CARCROSS	940	1,209	2,149	0.60%
CARMACKS	1,664	4,462	6,126	1.72%
DAWSON CITY	4,916	3,528	8,444	2.37%
DESTRUCTION BAY	179	167	346	0.10%
ELSA	326	0	326	0.09%
FARO	2,852	1,156	4,008	1.13%
HAINES JUNCTION	2,188	970	3,158	0.89%
KENO CITY	33	0	33	0.01%
MAYO	2,545	2,266	4,811	1.35%
OLD CROW	1,620	159	1,779	0.50%
PELLY CROSSING	723	317	1,040	0.29%
ROSS RIVER	1,680	422	2,102	0.59%
STEWART CROSSING	45	0	45	0.01%
SWIFT RIVER	0	0	0	0.00%
TESLIN	2,098	1,242	3,340	0.94%
UPPER LIARD	94	0	94	0.03%
WATSON LAKE	5,727	4,595	10,322	2.90%
WHITEHORSE	117,411	29,285	146,696	41.24%
HIGHWAY CAMPS	0	0	0	0.00%
TERRITORY WIDE *	107,907	42,746	150,653	42.36%
OUTSIDE YUKON	8,924	0	8,924	2.51%
TOTAL	262,626	93,061	355,687	100.00%

* Includes highway construction and all other expenditures not directly attributable to a community e.g. generalized government equipment purchases.

BUDGETARY INCOME SUMMARY BY SOURCE

($000's)

SOURCE	1991-92 Estimates		1990-91 Forecast		1990-91 Estimates	
	$	%	$	%	$	%
TAXATION						
Personal Income Tax	28,055	7.5	26,693	7.4	23,780	6.8
Corporate Income Tax	3,758	1.0	3,552	1.0	5,335	1.5
School Taxes	2,476	0.7	2,277	0.6	2,286	0.7
General Property Taxes	1,066	0.3	1,016	0.3	1,016	0.3
Grants in Lieu of Property Taxes	558	0.1	511	0.1	511	0.1
Gasoline Tax	2,600	0.7	2,590	0.7	2,619	0.7
Diesel Tax	1,600	0.4	1,505	0.4	1,881	0.5
Liquor Taxes	2,141	0.6	2,079	0.6	2,079	0.6
Tobacco	2,425	0.7	2,450	0.7	2,600	0.7
Insurance	570	0.2	550	0.2	600	0.2
TOTAL TAXATION	45,249	12.1	43,223	11.9	42,707	12.2
OTHER REVENUE						
Profits-Yukon Liquor Corporation	5,582	1.5	5,715	1.6	5,715	1.6
Public Utitilies Income Transfer Tax	900	0.2	900	0.2	775	0.2
Fees and Licences						
Motor Vehicle	2,409	0.6	2,404	0.7	2,404	0.7
Game and Campground	804	0.2	831	0.2	831	0.2
Business and Professional	471	0.1	386	0.1	386	0.1
Other	983	0.3	843	0.2	839	0.2
Fines and Penalties	307	0.1	201	0.1	201	0.1
Investment Income						
Investments	4,530	1.2	5,348	1.5	4,230	1.2
Land Sale Agreements	290	0.1	275	0.1	275	0.1
Other Revenues	22	0.0	29	0.0	29	0.0
TOTAL OTHER OWN REVENUES	16,298	4.4	16,932	4.7	15,685	4.5
Established Programs Financing Cash Transfer	10,895	2.9	11,175	3.1	11,000	3.1
Federal Transfer Payment	224,125	60.2	215,105	59.5	202,044	57.6
TOTAL OTHER REVENUE	251,318	67.5	243,212	67.2	228,729	65.3

BUDGETARY INCOME SUMMARY BY SOURCE

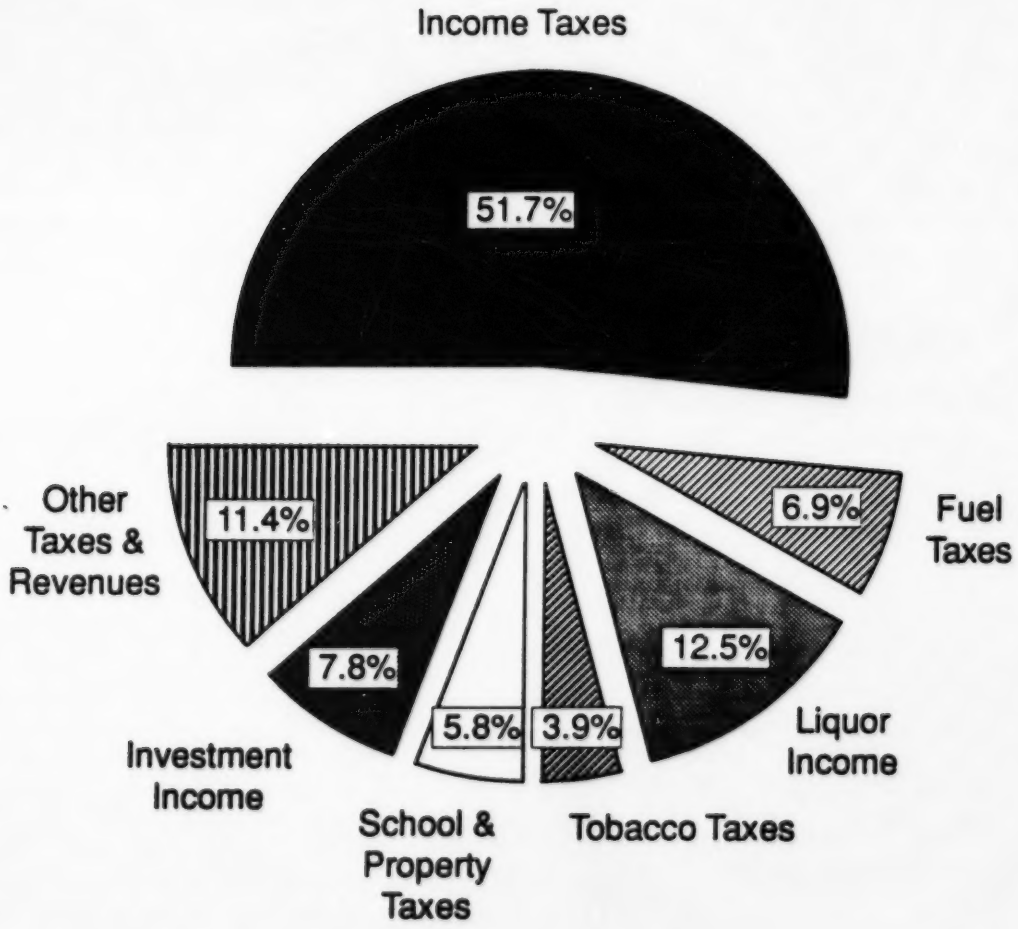
($000's)

SOURCE	1991-92 Estimates $	1991-92 Estimates %	1990-91 Forecast $	1990-91 Forecast %	1990-91 Estimates $	1990-91 Estimates %
RECOVERIES						
Government of Canada						
Canada Assistance Plan	5,292	1.4	5,635	1.6	4,928	1.4
Native Social Services	1,810	0.5	1,457	0.4	1,462	0.4
Young Offenders	1,180	0.3	1,266	0.3	1,266	0.4
Vocational Rehabilitation of Disabled Persons	1,256	0.3	1,170	0.3	1,170	0.3
Bilingualism	1,128	0.3	1,027	0.3	1,027	0.3
French & Aboriginal Languages	1,992	0.5	1,353	0.4	916	0.3
Legal Aid	409	0.1	409	0.1	409	0.1
Economic Development	1,675	0.4	1,674	0.5	1,218	0.3
IFA**	1,210	0.3	976	0.3	976	0.3
Other	2,216	0.6	2,436	0.7	1,995	0.6
	18,168	4.9	17,403	4.8	15,367	4.4
Third Party Recoveries						
Alaska Highway	12,177	3.3	12,000	3.3	12,670	3.6
Native Health Care	3,090	0.8	2,970	0.8	2,450	0.7
Ministry of Transport :Airports	2,184	0.6	2,164	0.6	4,407	1.3
Engineering Services	0	0.0	0	0.0	9,105	2.6
Occupational Training	224	0.1	223	0.1	223	0.1
Other	2,135	0.6	2,243	0.6	1,713	0.5
	19,810	5.3	19,600	5.4	30,568	8.7
Other Recoveries						
Yukon Housing Corporation	22,220	6.0	21,078	5.8	17,978	5.1
Land Development	7,105	1.9	8,314	2.3	7,165	2.0
Business Development Fund	2,700	0.7	2,978	0.8	2,798	0.8
Miscellaneous	5,965	1.6	5,934	1.6	5,175	1.5
TOTAL RECOVERY	75,968	20.4	75,307	20.8	79,051	22.6
TOTAL BUDGETARY INCOME	372,535	100.0	361,742	100.0	350,487	100.0

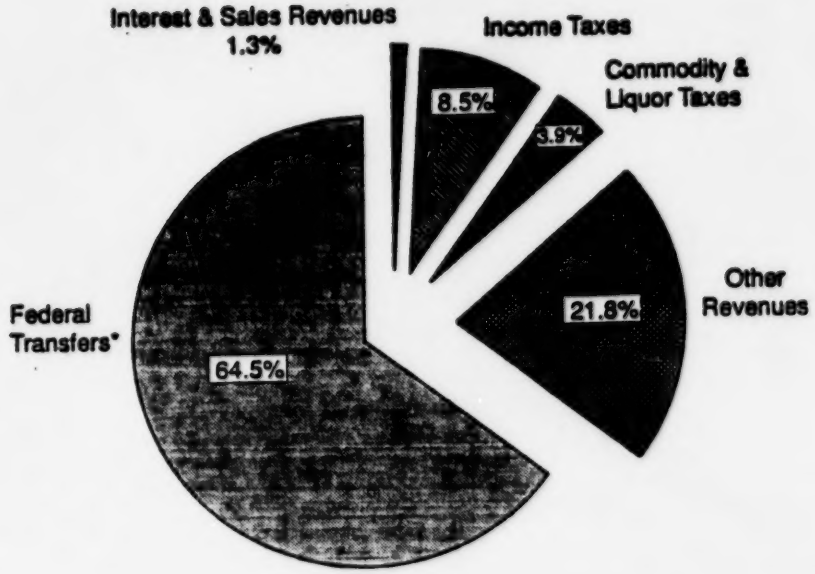
**IFA - Inuvialuit Final Agreement

The percent columns represent the percent of total budgetary income for the year accounted for by that particular revenue. Percent figures may not add up due to rounding.

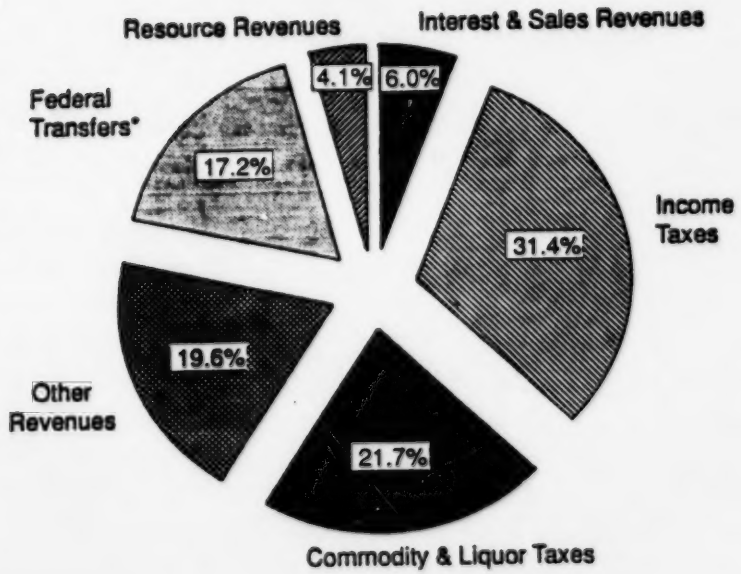
LOCALLY-RAISED YUKON REVENUE, BY SOURCE 1991-92



REVENUES BY SOURCE
THE YUKON
1991-92

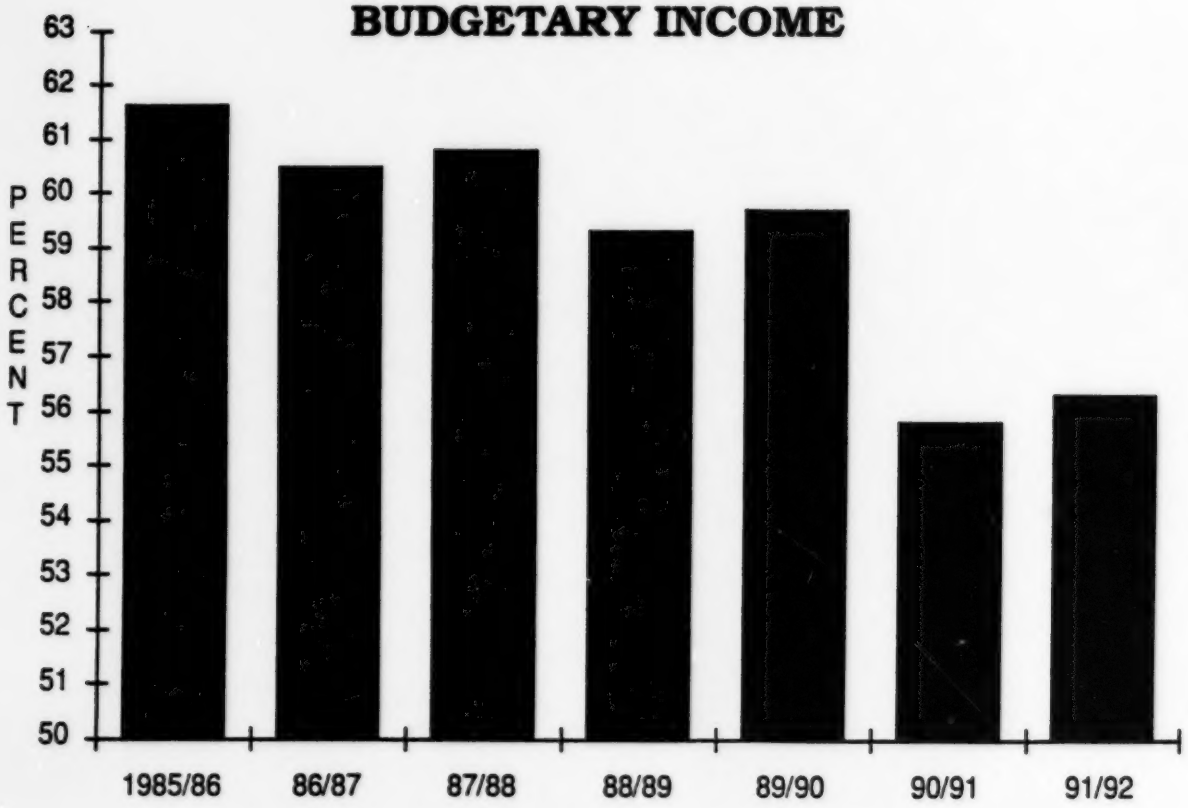


REVENUES BY SOURCE
PROVINCES & TERRITORIES**
1990-91



*Includes EPF, CAP, Equalization and Transfer Payment to Territory(s).
** Source: Federal Department of Finance.

FEDERAL TRANSFER PAYMENT AS % OF BUDGETARY INCOME



BUDGETARY INCOME SUMMARY
($000'S)

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92
Federal Transfer Payment Adjusted for Devolved Programs	148,591	160,139	171,987	179,346	185,742	201,947	209,978
Total Budgetary Income *	241,024	264,773	282,694	302,277	310,963	362,042	372,785
Federal Transfer as % of Budgetary Income	61.6%	60.5%	60.8%	59.3%	59.7%	55.8%	56.3%

* Includes gross revenues for Yukon Housing Corporation and Yukon Liquor Corporation.

EXPENDITURE RECOVERY

BY DEPARTMENT

($000's)

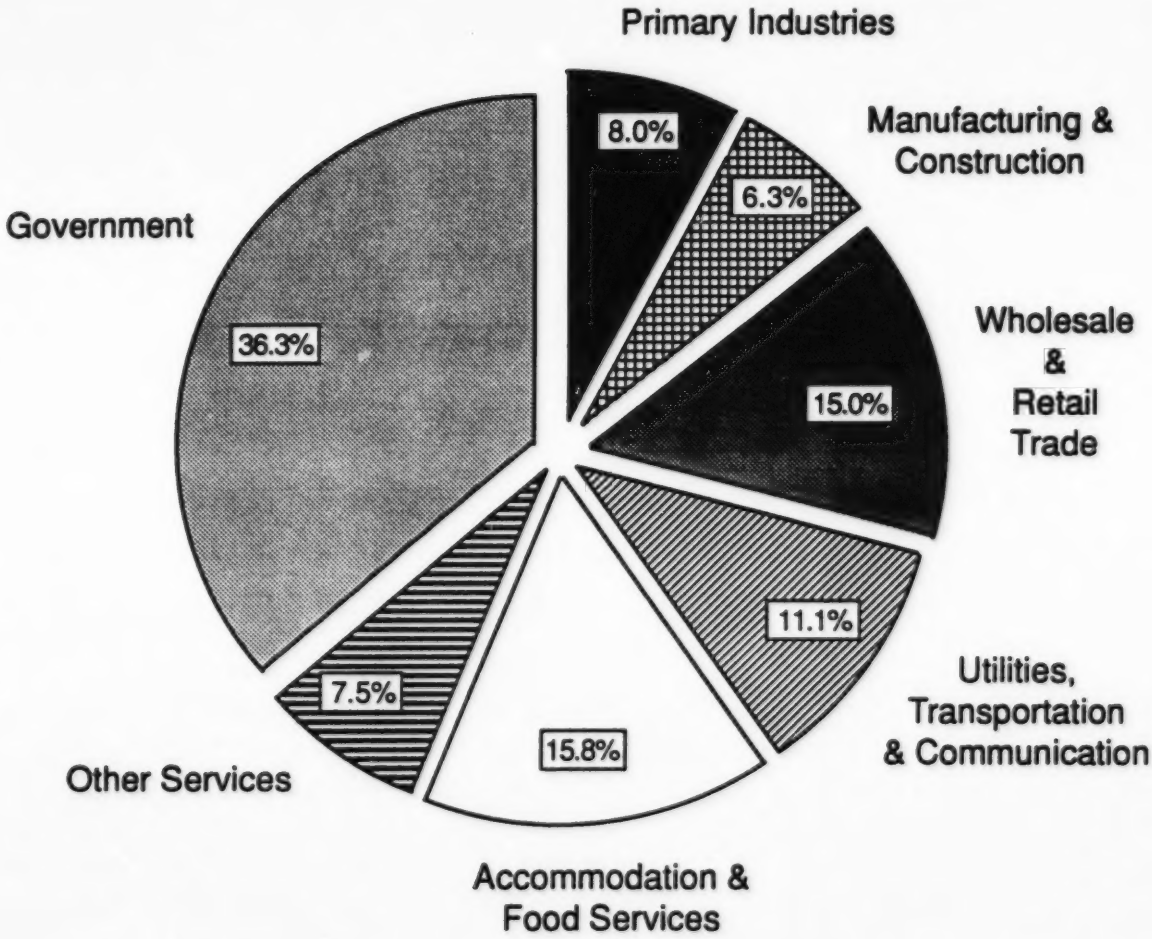
DEPARTMENT/AGENCY	OPERATION & MAINTENANCE		CAPITAL	
	1991-92 Estimate	1990-91 Forecast	1991-92 Estimate	1990-91 Forecast
Yukon Legislative Assembly	0	0	0	0
Executive Council Office	1,694	1,215	0	0
Community and Transportation Services	14,650	14,175	8,953	10,516
Economic Development : Mines and Small Business	0	0	5,467	5,699
Education	2,962	2,636	0	500
Finance	6	6	0	0
Government Services	285	192	456	431
Health and Human Resources	14,542	14,548	0	0
Justice	1,636	1,417	3	24
Public Service Commission	50	30	0	0
Renewable Resources	1,727	1,401	260	344
Tourism	40	40	0	24
Women's Directorate	2	5	0	0
Yukon Housing Corporation	6,992	4,807	15,228	16,271
TOTAL RECOVERY	44,586	40,472	30,367	33,809

PERSON YEAR ESTABLISHMENT SUMMARY

DEPARTMENT/AGENCY	1991-92 ESTIMATE				1990-91 FORECAST	
	O&M	CAPITAL	TOTAL	%	TOTAL	%
Yukon Legislative Assembly	6.0	0.0	6.0	0.3	6.0	0.3
Executive Council Office	81.5	0.0	81.5	4.1	67.5	3.6
Community and Transportation Services	351.9	36.0	387.9	19.7	382.0	20.3
Economic Development : Mines and Small Business	31.5	15.0	46.5	2.4	46.5	2.5
Education	589.1	2.0	591.1	30.0	549.0	29.2
Finance	52.0	0.0	52.0	2.6	51.0	2.7
Government Services	201.2	18.0	219.2	11.1	210.7	11.2
Health and Human Resources	223.7	1.0	224.7	11.4	211.9	11.3
Justice	160.0	0.0	160.0	8.1	159.0	8.5
Public Service Commission	47.5	0.0	47.5	2.4	47.5	2.5
Renewable Resources	109.5	2.0	111.5	5.7	109.8	5.8
Tourism	26.0	10.5	36.5	1.9	35.5	1.9
Women's Directorate	3.0	0.0	3.0	0.2	3.0	0.2
TOTAL PERSON YEARS	1882.9	84.5	1967.4	100.00	1879.4	100.00

The percent columns represent the percent of total person years for the year accounted for by that particular department/agency. Percent figures may not add up due to rounding.

EMPLOYMENT BY SECTOR
THE YUKON
1990*



* Quarterly Statistical Review - Second Quarter 1990
Yukon Bureau of Statistics: June 1990 Employment Distribution

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES

OCTOBER 1, 1990

	PERSONAL INCOME TAX		CORPORATE INCOME TAX				MOTOR FUEL TAXES (J)	
	BASIC RATE	HIGH INCOME SURCHARGE (B)	GENERAL RATE	SMALL BUSINESS	RETAIL SALES TAX	TOBACCO TAX (I)	UNLEADED GASOLINE	DIESEL FUEL
	%	%	%	%	%	c/25 cigs	c/litre	c/litre
Newfoundland	62.0	---	17.0	10.0	12.0	132.0	12.4	13.3
Prince Edward Island	57.0	10.0 (C)	15.0	10.0	10.0	175.0	11.3	11.1
New Brunswick	60.0	---	16.0	9.0	11.0	171.3	11.2	11.6
Nova Scotia	59.5 (A)	10.0 (D)	16.0	10.0	10.0	170.0	10.7	14.1
Quebec	---	---	6.16	3.36	9.0	113.0	14.4	12.45
Ontario	53.0	10.0 (E)	15.5	10.0	8.0	120.8	11.3	10.9
Manitoba	52.0	2.0 (F)	17.0	10.0	7.0	162.5	9.0	9.9
Saskatchewan	50.0	12.0 (G)	15.0	10.0	7.0	167.0	10.0	10.0
Alberta	46.5	8.0 (H)	15.0	6.0	0.0	140.0	7.0	7.0
British Columbia	51.5	---	14.0	9.0	6.0	159.0	9.93	10.37
Northwest Territories	44.0	---	12.0	8.0	0.0	167.5	9.0	7.7
Yukon	45.0	---	10.0	5.0	0.0	80.0	4.2	5.2

MAJOR TERRITORIAL AND PROVINCIAL TAX RATES

Notes to Table:

A) Quebec levies its own personal income tax.

B) Manitoba and Saskatchewan levy a flat tax of 2% and Alberta, 0.5%, on taxable income.

C) Prince Edward Island levies a surcharge of 10% of provincial tax in excess of $12,500.

D) Nova Scotia levies a surcharge of 10% of provincial tax in excess of $10,000.

E) Ontario levies a surcharge on net income over $30,000.

F) Manitoba levies a 2% surcharge on net income over $30,000.

G) Saskatchewan levies a surcharge of 12% of provincial tax over $4,000.

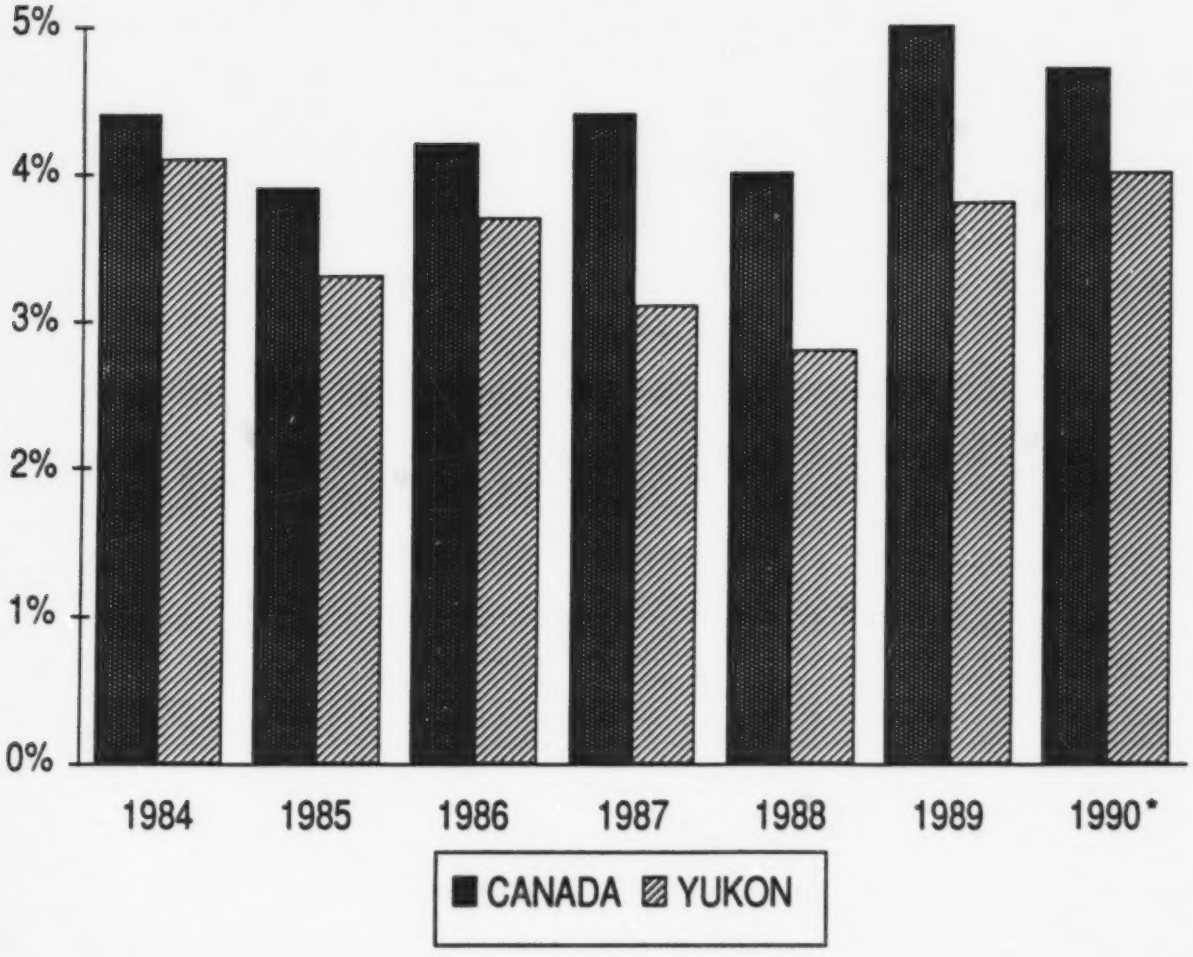
H) Alberta levies a surcharge of 8% of provincial tax over $3,500.

I) Manitoba, Ontario, New Brunswick and Newfoundland apply provincial retail sales tax of 7%, 8%, 11% and 12% to sales of tobacco.

J) Northwest Territories, British Columbia, Newfoundland, Prince Edward Island, Nova Scotia and New Brunswick levy an AD VALOREM tax on gasoline and diesel fuel.

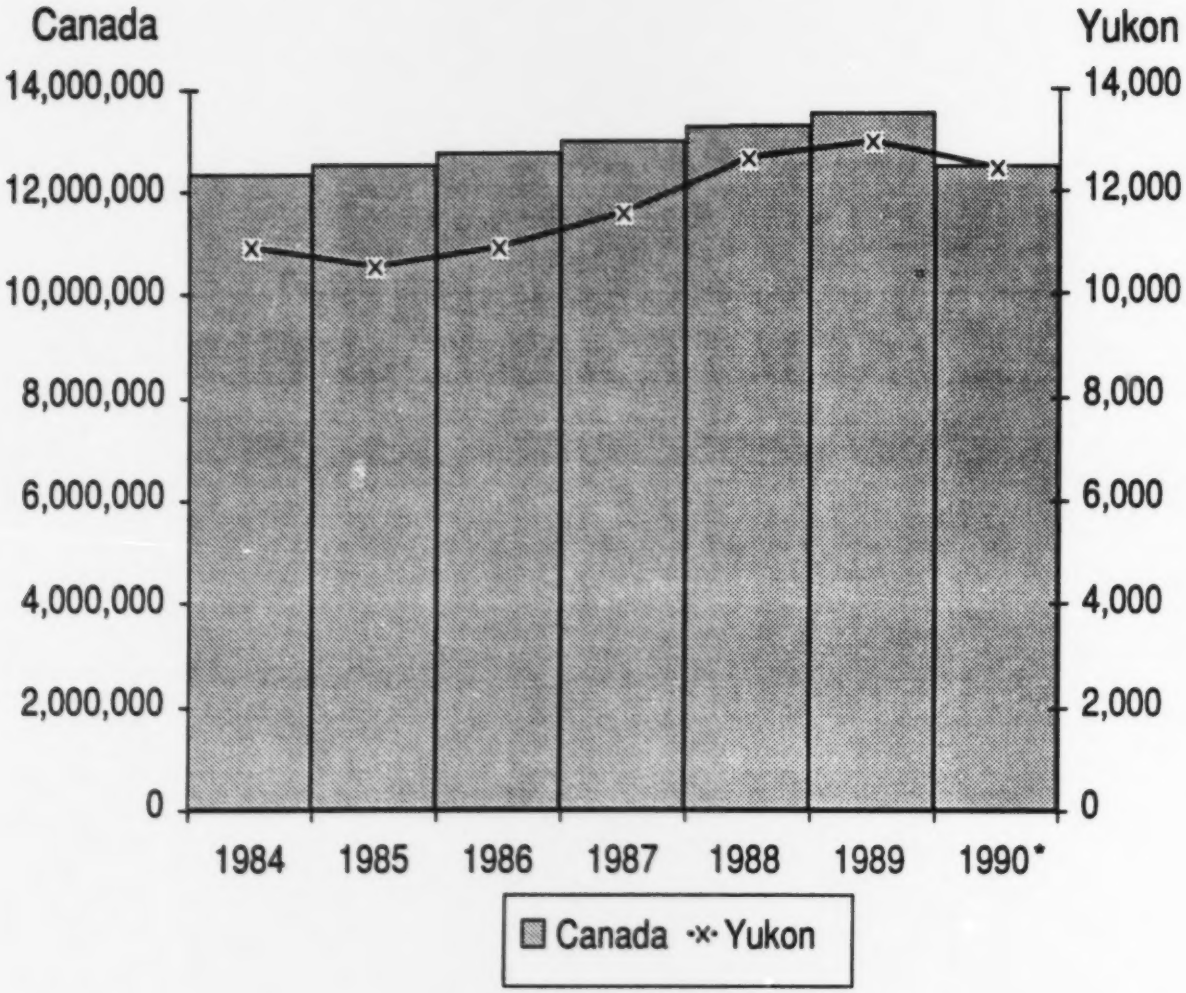
N.B. Rate changes may have occurred since the time of the survey. To determine current rates, reference should be made to each jurisdiction's Department of Finance.

% CHANGE IN CONSUMER PRICE INDEX THE YUKON & CANADA



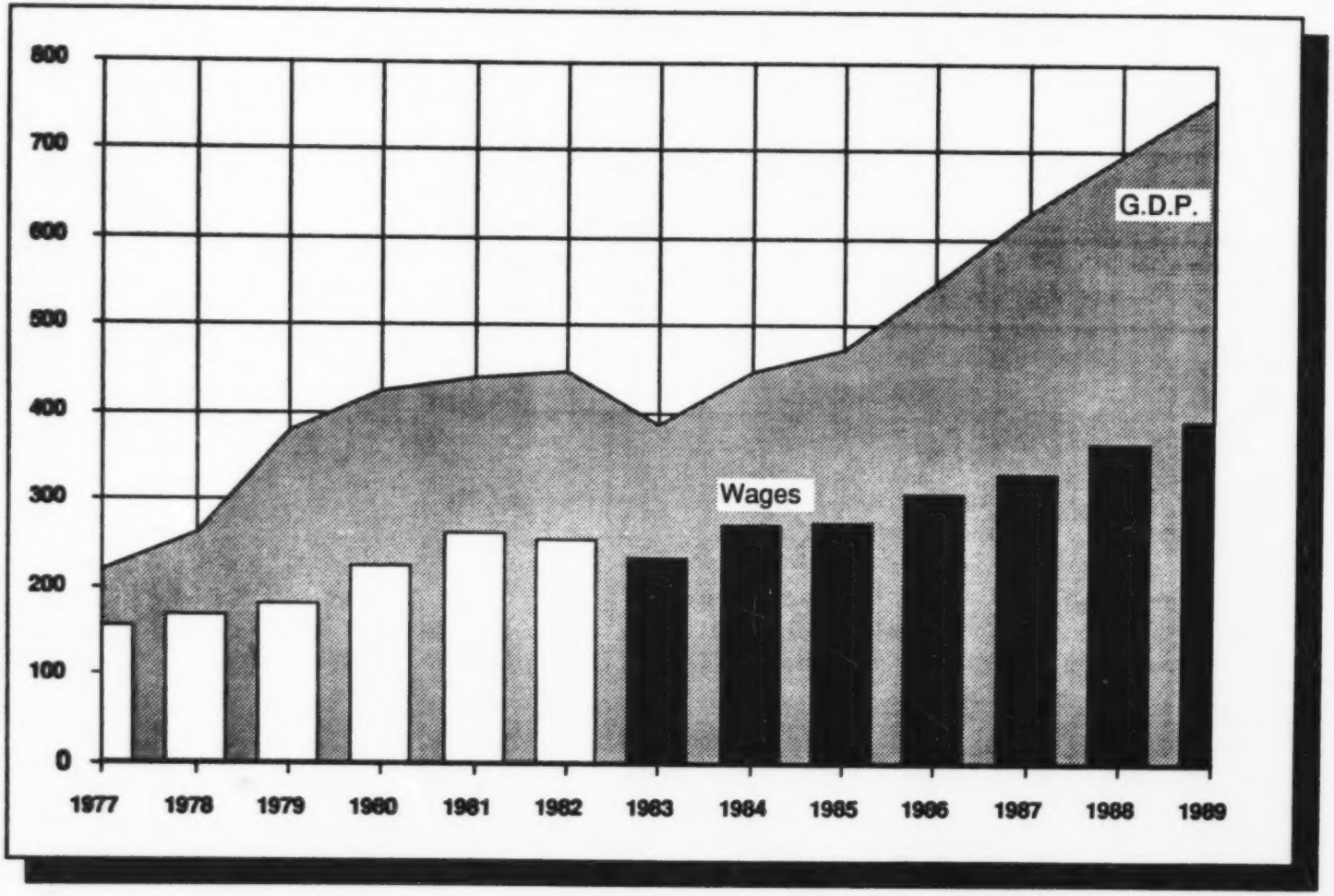
* January to September period

TOTAL EMPLOYMENT
THE YUKON & CANADA



* January to June period

The Yukon's Gross Domestic Product (G.D.P.) and Wages 1979 to 1989 (in millions of dollars)



MAIN ESTIMATES

HISTORICAL COMPARISON

	O & M ($000)	CAPITAL ($000)	TOTAL ($000)
1991/92	262,626	93,061	355,687
1990/91	248,546	93,935	342,481
1989/90	225,658	103,724	329,382
1988/89	201,806	100,474	302,280
1987/88	176,749	114,302	291,051
1986/87	171,065	80,935	252,000
1985/86	160,141	48,207	208,348
1984/85	148,214	25,959	174,173
1983/84	130,379	24,412	154,791
1982/83	116,508	37,438	153,946
1981/82	104,497	25,608	130,105

Note: These figures reflect the voted expenditures as per the estimates of the relevant year and have not been re-stated for purposes of comparison.